

IN THE COURT OF APPEALS OF TENNESSEE
AT NASHVILLE
August 6, 2008 Session

WILLIAM ROBERT SATTLER v. LINDA GAY SATTLER

Appeal from the General Sessions Court for Wilson County
No. 14590DV Robert P. Hamilton, Judge

No. M2007-02319-COA-R3-CV - Filed October 13, 2008

In this divorce action, the issue on appeal is the enforceability of a unilateral, handwritten document drafted by the wife prior to marriage, which was signed only by the husband. The trial court found that the document was an enforceable unilateral contract and that the wife was entitled to, *inter alia*, half ownership of the husband's residences in Tennessee and Florida. We have determined the purported unilateral agreement was entered into in contemplation of marriage and the subject of the agreement concerned property owned by one of the future spouses; therefore, to be enforceable the agreement must meet the requirements for antenuptial agreements as provided in Tenn. Code Ann. § 36-3-501. This agreement does not; therefore, it is not enforceable. Accordingly, the judgment of the trial court is reversed and the case is remanded for classification of the parties separate and marital property and for an equitable division of their marital estate.

Tenn. R. App. P. 3 Appeal as of Right; Judgment of the General Sessions Court Reversed

FRANK G. CLEMENT, JR., J., delivered the opinion of the court, in which RICHARD H. DINKINS, J., joined. PATRICIA J. COTTRELL, P.J., M.S., not participating.

Ben H. Cantrell, Nashville, Tennessee, for the appellant, William Robert Sattler.

Shawn J. McBrien, Lebanon, Tennessee, for the appellee, Linda Gay Sattler.

OPINION

In 2003, William Robert Sattler ("Mr. Sattler" or "Husband") and Linda Gay Sattler ("Mrs. Sattler" or "Wife") met on a Saturday at a Fourth of July party hosted by his neighbors. At the time, Mr. Sattler was 74 years old and Mrs. Sattler was 49. Upon first seeing her, Mr. Sattler immediately identified Mrs. Sattler as "a very nice looking lady" and, as he described it, vigorously pursued her during the party. Although she was standoffish at first, and twice told him to leave her alone, her opinion of him obviously changed during the party because she agreed to get on his boat, alone with him, to watch the fireworks that evening. At the end of the evening, she gave him her phone number.

Apparently the evening went well because bright and early the next morning, Mr. Sattler called to ask Mrs. Sattler to join him for breakfast, lunch or dinner that day. Accepting his invitation, she agreed to join him for dinner that evening. Obviously dinner went well because she agreed to join him for lunch the next day. Mr. Sattler continued to vigorously pursue Mrs. Sattler by dating her three to four times per week over the next two months. He admitted that he was “hot and heavy” in his pursuit of her and, in an attempt to impress her, he repeatedly remarked about his wealth.

In August, a month after their first meeting, Mr. Sattler started talking about marriage. Mrs. Sattler was cool to the idea at first and when she expressed concern about quitting her job and selling her home, he repeatedly told her he would give her “whatever she needed” to feel financially secure in marrying him. At Mr. Sattler’s suggestion, they briefly discussed a prenuptial agreement, and he asked his attorney, Jack Lowery, to propose an antenuptial agreement whereby she would receive \$100,000 per year for each year they were married. Following a brief discussion with Mr. Lowery, Mrs. Sattler told Mr. Lowery that she would discuss the proposal with Mr. Sattler and that one of them would contact him when a decision was made. After speaking with Mr. Lowery, she told Mr. Sattler that she did not like the terms of the antenuptial agreement as outlined by Mr. Lowery. She also told Mr. Sattler that she was not looking for an agreement to “reward” her for staying married to him; instead, she wanted an agreement that would “penalize” him if he divorced her.

Thereafter, there was essentially no discussion of an antenuptial agreement. Instead, on September 14, 2003, Mrs. Sattler walked into the bedroom and presented Mr. Sattler with a handwritten agreement she had prepared. Although the parties’ dispute the circumstances surrounding the events of September 14, 2003, it is undisputed Mrs. Sattler wrote and presented the following for him to sign:

After we are married:

I promise to put in Gay’s personal savings a substantial amount (minimum \$50,000.00 year) every year as long as we are together. I will put both daughters through college and purchase them each a car.

I agree that we will buy, remodel or build another home in Duck Key, FL. This process will begin within 6 months, with knowledge that this will take longer to complete than 12 months. I agree to the substantial remodel of the TN house to begin immediately. I will add a pool, too.

I agree to put Gay’s name on the house and in the event of my death they will be hers. In the event of a divorce they will remain ½ mine.

After reading it, Mr. Sattler dated and signed the bottom of the handwritten document¹ as follows:

Sunday Sept. 14th 2003 – 1:21 p.m.

/s/ W.R. Sattler

A few days after the document was signed, Mr. Sattler purchased a diamond engagement ring and on September 27, 2003, he presented it to her in a most unorthodox way. Instead of approaching her to present the ring and ask her to marry him, he called to her from the back bedroom, requesting her to come to the bedroom to help tie his shoes. When she came to the bedroom, he asked her to take the sock off his foot. She obliged, and when she removed the sock she saw a beautiful diamond engagement ring on his toe. Her agreement to marry him immediately followed.

The parties were married on January 5, 2004, in Hawaii. In the months that followed, the newly married couple took trips to Aruba and Costa Rica. Unfortunately, their relationship began to deteriorate. Nevertheless, with hope springing eternal, they made plans to renovate his house in Mount Juliet, Tennessee, which was their principal marital residence.

On July 28, 2005, after a year and a half of marriage and before renovations had commenced, Mr. Sattler filed for divorce. After almost two years of discovery, combative motions, and amended complaints and answers, the case went to trial. At the conclusion of a full evidentiary hearing, Mrs. Sattler was awarded an absolute divorce based on the stipulation that her husband had committed adultery after they separated.

In the Final Order and Decree of Divorce, which was entered on September 28, 2007, the trial court found “[b]y a preponderance of the evidence, the document drafted by Ms. Sattler, in her handwriting, but signed and dated September 14, 2003, by Mr. Sattler . . . was a unilateral contract and that Wife is entitled to the enforcement of the provisions therein.” The court stated that it interpreted the phrase “after we are married” to mean “if I marry you,” and the phrase “as long as we are together” to mean “the years that they lived as Husband and Wife.” Based upon the determination that the handwritten document was an enforceable unilateral agreement, the trial court awarded Mrs. Sattler the sum of \$100,000, based on the provision in the agreement that she would receive \$50,000 for each year they were married, which totaled two years. The trial court also found that the third paragraph dealing with Mr. Sattler’s two residences, the “existence and contents” of which had been disputed by Mr. Sattler, was valid and binding. Accordingly, the court ruled that “Wife should be a joint owner of the real property owned by the Husband at 559 Lakeview Circle, Mount Juliet, Tennessee and 162 Indies Drive South, Duck Key, Florida.” Mr. Sattler was also ordered to pay \$1,500.00 per month in temporary support pending an appeal, and in the event Mr.

¹Mr. Sattler testified at trial that the document he signed contained only two paragraphs, not three. He further testified that when he signed the document it was apparently folded, unbeknownst to him, so that the third paragraph was hidden from his view. He testified that he signed the document because he was voluntarily performing the requirements of the first two paragraphs.

Sattler prevailed on appeal the temporary support would immediately cease and in the event Mrs. Sattler prevailed on appeal, the temporary support would be credited toward the funds owed by Mr. Sattler to Mrs. Sattler. This appeal followed.

STANDARD OF REVIEW

The standard of review of a trial court's findings of fact is *de novo* and we presume that the findings of fact are correct unless the preponderance of the evidence is otherwise. Tenn. R. App. P. 13(d); *Rawlings v. John Hancock Mut. Life Ins. Co.*, 78 S.W.3d 291, 296 (Tenn. Ct. App. 2001). For the evidence to preponderate against a trial court's finding of fact, it must support another finding of fact with greater convincing effect. *Walker v. Sidney Gilreath & Assocs.*, 40 S.W.3d 66, 71 (Tenn. Ct. App. 2000); *The Realty Shop, Inc. v. R.R. Westminster Holding, Inc.*, 7 S.W.3d 581, 596 (Tenn. Ct. App. 1999). Where the trial court does not make findings of fact, there is no presumption of correctness and we "must conduct our own independent review of the record to determine where the preponderance of the evidence lies." *Brooks v. Brooks*, 992 S.W.2d 403, 405 (Tenn. 1999). We also give great weight to a trial court's determinations of credibility of witnesses. *Estate of Walton v. Young*, 950 S.W.2d 956, 959 (Tenn. 1997); *B & G Constr., Inc. v. Polk*, 37 S.W.3d 462, 465 (Tenn. Ct. App. 2000). Issues of law are reviewed *de novo* with no presumption of correctness. *Nelson v. Wal-Mart Stores, Inc.*, 8 S.W.3d 625, 628 (Tenn. 1999).

ANALYSIS

The dispositive issue on appeal is whether the writing in dispute constitutes a valid and enforceable agreement. We have determined it is not an enforceable agreement because it is an agreement entered into in contemplation of marriage concerning property owned by one of the future spouses; therefore, it must satisfy the requirements for antenuptial agreements under Tenn. Code Ann. § 36-3-501, which it does not.

In Tennessee, antenuptial agreements are favored by public policy, *Bratton v. Bratton*, 136 S.W.3d 595, 599 (Tenn. 2004); however, certain prerequisites must be satisfied before an antenuptial agreement will be enforced. *Randolph v. Randolph*, 937 S.W.2d 815, 819 (Tenn. 1996). Tennessee Code Annotated section 36-3-501 provides the following:

36-3-501. Enforcement of antenuptial agreements. – Notwithstanding any other provision of law to the contrary, except as provided in § 36-3-502, any antenuptial or prenuptial agreement entered into by spouses concerning property owned by either spouse before the marriage that is the subject of such agreement shall be binding upon any court having jurisdiction over such spouses and/or such agreement if such agreement is determined, in the discretion of such court, to have been entered into by such spouses freely, knowledgeably and in good faith and without exertion of duress or undue influence upon either spouse. The terms of such agreement shall be enforceable by all remedies available for enforcement of contract terms.

“Thus, under the statute, such agreements are enforceable if entered into freely, knowledgeably, and in good faith, without the exertion of duress or undue influence.” *Randolph*, 937 S.W.2d at 819. In the present case, Mr. Sattler makes no claim of duress or undue influence. Accordingly, the issue is whether the purported unilateral agreement was entered into “knowledgeably and in good faith.”

The necessity of full disclosure and good faith rests on various principles. *Id.* First, an agreement to marry gives rise to a confidential relationship and as such the parties to a given agreement “do not deal at arms’ length and must exercise candor and good faith in all matters bearing upon the contract.” *Id.* (footnote omitted.) Second, requiring full disclosure or knowledge helps to level the bargaining power when there is a disparity between the parties. *Id.* at 822. Third, unlike other private contracts, “the State has an interest and is a party to every marriage.” *Id.* “In the absence of antenuptial agreements, state laws govern the division of marital property and the awarding of alimony in the event of divorce.” *Id.* Accordingly, it is appropriate that parties entering into such agreements do so with full knowledge of the holdings to which they are waiving any claim under state law. *Id.*

Based on the foregoing principles, the spouse seeking to enforce an antenuptial agreement must prove, by a preponderance of the evidence, either that a “full and fair disclosure of the nature, extent, and value of his or her holdings was provided to the spouse seeking to avoid the agreement or that disclosure was unnecessary because the spouse seeking to avoid the agreement had independent knowledge of the full nature, extent, and value of the proponent spouse’s holdings.” *Randolph*, 937 S.W.2d at 821. What constitutes “full and fair” disclosure must be determined from the circumstances of each case. *Id.* Factors to be considered are (1) the relative sophistication of the parties, (2) the apparent fairness or unfairness of the substantive terms of the agreement, and (3) any other circumstance unique to the parties and their specific situation. *Id.* Full and fair disclosure does not require that each and every asset be revealed with complete exactness, but it does require that each party be given a clear idea of the nature, extent, and value of the other party’s property and resources. *Id.* “Though not required, a fairly simple and effective method of proving disclosure is to attach a net worth schedule of assets, liabilities, and income to the agreement itself.” *Id.*

Applying the foregoing factors to the present case, it is clear the parties never fully disclosed their assets, liabilities, and income. A schedule of their assets, liabilities, and income was not provided. To the extent there was a limited disclosure of her assets, liabilities and income, which Mrs. Sattler contends occurred during casual dinner conversations, the record fails to establish that the casual dinner conversations provided Mr. Sattler with a full and fair understanding of her financial world. Based upon the record before us, we find that Mrs. Sattler has failed to carry her burden of establishing by a preponderance of the evidence that the casual dinner conversations provided the full and fair disclosure that is required.

The foregoing notwithstanding, an antenuptial agreement may still be enforced in the absence of full and fair disclosure if the spouse seeking to avoid the agreement had independent knowledge of the full nature, extent, and value of the other spouse’s property and holdings. *Id.* The particular facts and circumstances of each case control the determination of knowledge, and courts are to

examine all relevant factors including: (1) the parties' respective sophistication and experience in business affairs; (2) the duration of the relationship prior to the execution of the agreement; (3) the time of signing of the agreement in relation to the time of the wedding; and (4) the parties' representation by, or opportunity to consult with, independent counsel. *Id.*

It is undisputed that Mr. Sattler was experienced in business affairs prior to their marriage; however, the brief duration of their relationship prior to the execution of the agreement, a mere two months, did not afford him the opportunity to independently gain a full and fair understanding of Mrs. Sattler's financial world. Although the document was signed several months prior to the wedding, the circumstances surrounding the drafting and signing the document do not favor Mrs. Sattler's position. She drafted the handwritten document on a Sunday afternoon and presented it to Mr. Sattler unexpectedly for his signature, and he signed it immediately without the benefit of independent advice of counsel. We also note that the unilateral agreement is completely one-sided in that it only obligates Mr. Sattler's assets. As a consequence, the agreement affords no limitation on claims Mrs. Sattler may make against his other assets; and conversely, Mrs. Sattler has no obligations to Mr. Sattler.

When the unilateral agreement was signed by Mr. Sattler, the parties were in a confidential relationship; therefore, each of them owed the other a duty to exercise good faith in all matters bearing upon the agreement. Mrs. Sattler failed to establish by a preponderance of the evidence that there had been full and fair disclosure prior to Mr. Sattler signing the unilateral agreement. Moreover, we have concluded that Mrs. Sattler did not act in good faith because the unilateral agreement is wholly one-sided and in Mrs. Sattler's favor, she wanted the agreement in order to "punish him" if they divorced, and Mr. Sattler did not have the opportunity for an attorney to review the agreement and provide independent advice of counsel to him prior to executing the agreement.

For these reasons, we have determined the handwritten unilateral agreement is not a valid or enforceable agreement.

The trial court's award was based on the understanding that the agreement was a valid and enforceable agreement. Because we have determined it is not, we must remand this matter to the trial court to determine the respective rights and responsibilities of the parties in the absence of such an agreement.

Support Pending Appeal

The trial court ordered Mr. Sattler to pay Mrs. Sattler \$1,500.00 per month in temporary support pending appeal of this decision, which was to be credited towards the funds Mr. Sattler was obligated to pay Mrs. Sattler pursuant to the unilateral handwritten agreement. Because we determined the agreement is unenforceable, we reverse the award of support to the extent it was based on the agreement.

Frivolous Appeal

Mrs. Sattler contended that Mr. Sattler's appeal is frivolous and she is entitled to her attorney's fees at trial and on appeal. It is not as evidenced by our rulings above.

IN CONCLUSION

The judgment of the trial court is reversed, and this matter is remanded for further proceedings consistent with this opinion. Costs of appeal are assessed against Mrs. Sattler.

FRANK G. CLEMENT, JR., JUDGE